

MINUTES OF THE SPECIAL MEETING OF THE FINANCIAL COMMISSION OF THE CITY OF LOS ALTOS, HELD ON MONDAY, MARCH 18, 2019, AT 6:00 P.M. AT COMMUNITY MEETING CHAMBERS, 1 NORTH SAN ANTONIO ROAD, LOS ALTOS, CALIFORNIA

ROLL CALL

PRESENT: Chair Kalkat, Vice Chair McClatchie (Arrived 6:10 PM), Commissioners Martin, Marek, Kalbach, Richmond, and Roat

ABSENT: None

PUBLIC COMMENTS

None

ITEMS FOR CONSIDERATION/ACTION

1. Approved minutes of the regular meeting of January 29, 2019

Action: Upon a motion by Commissioner Kalbach seconded by Commissioner Martin the Commission approved the minutes of the meeting of January 29, 2019, pending the changes below, by the following vote: AYES: Kalkat, Martin, Marek, Kalbach, Richmond, and Roat; NOES: None; ABSTAIN: None; ABSENT: McClatchie

Changes:

Action: Upon a motion by Commissioner McClatchie seconded by Commissioner Kalbach the Commission approved the minutes of the meeting of November 15, 2018 by the following vote: AYES: Kalkat, McClatchie, Marek, Kalbach, **Richmond**, and Roat; NOES: None; ABSTAIN: None; ABSENT: Martin and Richmond

Action: Upon a motion by Commissioner Kalbach seconded by Commissioner Kalkat the Commission accepted the Quarterly Investment Report by the following vote: AYES: Kalkat, McClatchie, **Martin**, Marek, Kalbach, **Richmond**, and Roat; NOES: None; ABSTAIN: None; ABSENT: Martin and Richmond

2. Investment Policy Review with PFM Asset Management, LLC

Monique Spyke with PFM Asset Management, LLC gave a presentation on the City's current Investment Policy compared to the requirements of California Government Code and recommended changes for 2019. Additionally, Monique provided an overview of current market conditions in the areas of 1-5 year corporate spreads, the flattening yield curve, Fed rate hike probabilities, and yield environments. After a discussion by the commissioners, the following recommended changes were advanced for the Investment Policy:

Security Type	California Government Code	City's Approved 2018 Policy	2019 Changes
Money Market Mutual Funds (SEC Rule 2a7)	20% of portfolio 10% per issuer	Overnight Major US owned Calif. institution	Overnight Major US owned Calif. institution
Federal Agencies	5 years 100% of portfolio	20% per issuer; 35% callable	No Change
Bank / Time Certificate of Deposits	5 years 100% of portfolio	3 years 50% of portfolio 10% per issuer Major US owned Calif institution Insured and/or collateralized	3 years 50% of portfolio 10% per issuer Major US owned Calif institution Insured and/or collateralized
Negotiable CDs	5 years 30% of portfolio	3 years 3% per issuer "A" Rated	3 years <u>5 years</u> 3% per issuer "A" Rated
Repurchase Agreements	1 year 100% of portfolio; 102% Collateral	180 days; 20% of portfolio 10% per issuer Major US owned Calif. Institution	180 days; 20% of portfolio 10% per issuer Major US owned Calif. institution
Bankers' Acceptances	180 days 40% of portfolio 30% per issuer	20% of portfolio 10% per issuer Major US owned Calif. Institution	20% of portfolio 10% per issuer Major US owned Calif. institution
Supranationals	5 years 30% of portfolio "AA" Rated	"AAA" Rated 10% of portfolio	"AAA" Rated 10% of portfolio <u>20% of portfolio</u>

INFORMATIONAL ITEMS

3. FY 2019-20 & FY 2020-21 Budget & 5-Year Capital Improvement Plan Update

Administrative Services Director Etman provided a status of on the 2-year budget and 5-year CIP Plan. Staff is currently developing the budget for the 2-year budget cycle which is scheduled to go before Council in the first meeting of June 2019. This year's 2-year budget will tie in performance outcomes and performance measures. At the March 26th, 2019 Council meeting, there will be a Study Session to review the 5-year CIP plan and discuss the prioritization of projects.

4. Future Meeting Locations

Administrative Services Director Etman notified the Commission that due to remodeling of the City Hall bathrooms and front lobby, the regular Financial Commission Meetings scheduled in April and May will be moved to the Hillview Community Center, Room #2.

COMMISSION AND STAFF REPORTS AND DIRECTIONS ON FUTURE AGENDA ITEMS

Chair Kalkat notified the commission that the Mayor has called a meeting with the Commission Chairs on Tuesday, March 19, 2019 at 6:00 PM in the Community Meeting Chambers (1 N. San Antonio Road). The agenda for the meeting is “Commission update and understanding challenges”.

ADJOURNMENT

Chair Kalkat adjourned the meeting at 7:09 PM.